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# Agenda

## JOINT MEETING OF THE EXECUTIVE COMMITTEE for the Metropolitan Transit System San Diego Transit Corporation, and San Diego Trolley, Inc.

May 15, 2008

Executive Conference Room  
9:00 a.m.

### ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - April 17, 2008 Approve
- C. COMMITTEE DISCUSSION ITEMS
  - 1. MTS: Automobile Leasing Services Approve  
Action would forward a recommendation to the Board of Directors to authorize the CEO to award a contract (MTS Doc. No. G1146.0-08) to Enterprise Fleet Services for nonrevenue automobile leasing services.
  - 2. MTS: ADA Paratransit Vehicle Acquisition Approve  
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0499.0-08 with BusWest to purchase 50 Americans with Disabilities Act (ADA) paratransit vehicles utilizing the public agency/state contract with BusWest (Type II Specification of State of California Contract No. 1-06-23-15).
  - 3. MTS: Regional Transit Management System - Contract Amendment Approve  
Action would forward a recommendation to the Board of Directors to authorize the CEO to: (1) execute MTS Doc. No. G0867.5-03 with Motorola, Inc. for Regional Transit Management System (RTMS) warranty support services; and (2) MTS Doc. No. G0868.3-03 for reimbursement from North County Transit District (NCTD).
- D. REVIEW OF DRAFT MAY 22, 2008, JOINT BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action  
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.
- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: June 5, 2008
- I. ADJOURNMENT

Please turn off cell phones and pagers  
during the meeting



# DRAFT

EXECUTIVE COMMITTEE MEETING FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS),  
SAN DIEGO TRANSIT CORPORATION (SDTC),  
AND SAN DIEGO TROLLEY, INC. (SDTI)

April 17, 2008

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

## MINUTES

### A. ROLL CALL

Chairman Mathis called the meeting to order at 9:03 a.m. A roll call sheet listing Executive Committee member attendance is attached.

### B. APPROVAL OF MINUTES

Mr. Emery moved approval of the minutes of the April 3, 2008, Executive Committee meeting with one correction – deletion of the line “with Mr. Rindone casting the dissenting vote.” on page 2. Mr. Emery seconded the motion, and the vote was 5 to 0 in favor.

### C. COMMITTEE DISCUSSION ITEMS

#### 1. SDTC: Pension Obligation Bonds (OPS 960.6)

Mr. Cliff Telfer, MTS CFO, reminded the Executive Committee that MTS issued about \$77.5 million in pension obligation bonds (POBs) in 2004. He stated that about one-half of these bonds were variable-rate demand bonds. He stated that in August, MTS executed a swap to achieve a synthetic fixed rate of 4.424 percent for its variable-rate bonds, which worked out very well until the current liquidity problems in the market.

Mr. Keith Curry, of Public Financial Management (PFM), explained that staff would like to replace MBIA, MTS's POB insurer, with a letter of credit to reduce the market's impact on MTS's variable-rate bonds. It was reported that the debt would be restructured through a refunding with a cost of between \$75,000 and \$120,000. Mr. Curry explained that problems have developed because rating agencies are revisiting the capital charge requirements on bond insurers and have reduced the ratings on some bond insurance providers. He added that Fitch Ratings downgraded MBIA from AAA to AA, and Moody's and Standard & Poors have placed MBIA on negative outlook.

Mr. Curry reviewed how using a liquidity facility provided by Dexia allows bondholders to exit their bonds. If new bondholders cannot be found, Dexia is required to extend liquidity and buy the bonds. He reported that before this happens, MTS's remarketing agent (UBS) would extend its capital and hold the bonds. He also explained how MTS is experiencing “leakage” of approximately 163 basis points over its assumed fixed rate, which makes the effective cost of funds 6.05 percent rather than the anticipated 4.42 percent. He stated that, on a simple

annualized basis, this could amount to an additional \$632,000 in interest costs per year. He added that PFM's goal is to restructure the debt through refunding in order to eliminate MBIA and replace the bond insurer with a letter of credit provided by Dexia, MTS's current liquidity provider. He added that Dexia is currently in the credit review process. Once this is complete, PFM anticipated a quick effort to document a new transaction and market the bonds under the new credit support structure.

Mr. Curry reported that MTS could remarket the bonds into a traditional fixed-rate mode; however, it would incur a swap termination cost of approximately \$2.3 million. He stated that he feels that it would be more cost effective to continue the swap until its expiration in 2012 and consider a fixed-rate remarketing at that time.

In response to a question from Chairman Mathis about risks for MTS, Mr. Curry stated that there should be minimal risk to MTS because there is a lot of demand for good paper and because he felt the market would right itself. In response to a question from Mr. Ewin regarding MTS's experience with Dexia, Mr. Curry reported that they are a national leading bank with very high credit rating and no mortgage exposure. Mr. Rindone stated that he thought MBIA had extended additional capital. Mr. Curry stated that they have done that on at least three occasions, but the rating agencies keep raising the standard.

In response to a question from Mr. Monroe, Mr. Telfer stated that MTS has incurred \$150,000 in cost to date as a result of this liquidity problem, and this cost will be covered from savings in other line items of the budget. Mr. Curry assured Mr. Rindone that PFM is monitoring market and bond insurance activities on a daily basis and sometimes twice a day and is always looking at alternative strategies. Mr. Rindone felt the Executive Committee should be provided with an update in 60 days or less.

In response to a question from Mr. Jablonski, MTS CEO, Mr. Telfer reported that fixed rates are currently around 5 percent and variable rates are around 4.42 percent. Mr. Curry reported that the effective rate of MTS's bonds last week was 6.05 percent. Mr. Jablonski asked if it would be more cost effective to pick this option to address the problem or wait another quarter to make a decision even though MTS would lose \$150,000 in interest. Mr. Curry stated that if things were to return to normal, it might be a good strategy to wait. He added that he felt there was a 30 percent chance that MBIA would restore itself in the 60 to 90 day timeframe.

#### Action Taken

Mr. Ewin moved to direct the Chief Financial Officer to (1) work with Public Financial Management to replace MBIA, MTS's pension obligation bond insurer, with a letter of credit to reduce the impact on MTS's variable rate caused by the current liquidity problems within the bond markets and (2) report back to the Executive Committee in no less than 60 days. Mr. Rindone seconded the motion, and the vote was 6 to 0 in favor.

2. MTS: Report from the Budget Development Committee (FIN 310)

Mr. Jablonski stated that the Budget Development Committee did a detailed review of the expense side of the proposed FY 2009 budget at its last meeting. He stated that there are two things that are currently affecting MTS's budget: 1) the State's budget, for which there is nothing new to report until the May revise; and (2) sales tax revenues, primarily Transportation Development Act (TDA). He added that, as reported in January, MTS is down approximately \$6.5 million as a result of projections for reduced sales tax revenues and that the downward curve of these projections has slightly flattened. He reminded Committee members that there is a Finance Workshop at 8:00 a.m. before the Board meeting on April 24, 2008. Mr. Rindone, Chairman of the Budget Development Committee, felt that there could be additional budget hits as a result of the State's \$20 billion budget shortfall.

Mr. Marinesi, MTS Budget Manager, reviewed the FY 2009 Operating Budget Summary and the four categories that are being reviewed for balancing the budget. Mr. Jablonski pointed out that nonfare revenue adjustments and personnel adjustments comprise 60 percent of the options being considered and are being given a higher priority than service and fare adjustments because service and fare adjustments have already been made and because of the importance of maintaining the system developed during the Comprehensive Operational Analysis (COA). Mr. Marinesi then reviewed the savings that would result from the four options being considered.

Mr. Jablonski reviewed the Sorrento Valley Coast Connection short-term funding proposal by SANDAG, which involves implementing a \$1.00 one-way fare that would generate \$194,000. He added that this action would result in a nine-month program and, at the end the program, companies in Sorrento Valley could implement a van pool program. He stated that this proposal would cover the loss of Air Pollution Control Funding. Ms. Sharon Cooney, MTS Director of Government Affairs and Community Relations, stated that when the funding is gone, the service will stop. She added that North County Transit understands MTS's position on this issue and is supportive. She added that after the fare, there is still a \$3.75 subsidy per passengers for this service, and ridership may be lost as a result of implementing the fare. She added that North County Transit is considering raising the Coaster fare also.

Mr. Rob Schupp, Director of Marketing and Communications, reviewed revenue opportunities that might result from changing MTS's shelter advertising contract with CBS Outdoor or by pursuing other related opportunities. He reviewed the current contract and the proposed contract. Mr. Schupp reported that MTS is hiring an expert to help MTS assess the current market for going out to bid. Mr. Jablonski stated that the Budget Development Committee has identified someone who could provide this expertise. Mr. Schupp stated that it is hoped that MTS could end up with more dynamic street furniture as a result of whatever option is selected. In response to a question from Mr. Ewin, Mr. Jablonski stated that he thought there were enough players in the advertising market if MTS were to go out to bid but was not sure the market was good enough to go out to bid at this time.

Mr. Roberts pointed out that some shelters have advertising displays and some do not because of community objections. He stated that the shelters with advertising

are subsidizing those without advertising. He stated that this inequity should be reduced or eliminated in order to maximize revenue from shelter advertising. Chairman Mathis stated that communities that have prohibited advertising on shelters could be approached about changing their position on this issue.

Mr. Roberts added that CBS Outdoor may not want to continue its contract with MTS, and MTS may have the opportunity to take over ownership of the shelters. Mr. Jablonski stated that staff and the Budget Development Committee will explore all options.

Mr. Jablonski then reviewed budget-balancing options that involve personnel adjustments. He reported that merit increases, albeit reduced, are being recommended for continuation because of previous actions MTS has taken regarding MTS's programs that benefit employees. He also reported that Ms. Cooney will continue to carry out Director of Planning duties for at least the next year. In response to a question from Mr. Monroe, Mr. Jablonski reported that if positions become vacant that are not currently frozen, those positions would be filled.

The Committee then discussed the concept of increasing the eligibility age for senior fares to 65 years. Mr. Marinesi pointed out that no other transit agencies in California have an eligibility age of 60 like MTS does. He stated that Sacramento requires a person to be 62 to qualify for a senior fare, and all other agencies use 65. He pointed out that the eligibility age was part of TransNet II, which would have to be amended in order to make this change. He stated that while the Budget Development Committee and the Board endorsed this idea during budget discussions last year, SANDAG would have to implement the change. Mr. Monroe suggested that staff add a more drastic option that would make this option more palatable. Mr. Roberts stated that he thought there was very little chance this effort would be successful and added that it would be politically unpopular.

Mr. Ewin asked how long MTS could stay in business if sales tax revenues don't rebound and expenses don't change for two years. Mr. Jablonski stated that if MTS expenses continue to increase at a rate of three percent a year and MTS continues to have a \$12 million problem a year, then the answer would be two years. Chairman Mathis stated that if the situation doesn't change, MTS will be facing choices like deferring maintenance, additional staff-level adjustments, etc. He added that he doesn't feel that SANDAG understands this matter.

Mr. Jablonski then provided an overview of the option for increasing trolley fares. He reported that MTS forces a lot of transfers on the trolley and therefore favors the idea of a \$2.50 fare that allows transfers at any station where lines come together. Mr. Rindone stated that some riders are paying a fare for one station and then riding through many stations without paying an additional fare. Mr. Jablonski pointed out that many riders have converted to monthly passes since January so that 75 percent of MTS's riders are now pass holders. Mr. Jablonski reviewed the fare options being considered and discussed the benefits of having the fare structure be as simple as possible. Chairman Mathis requested that staff add an additional option category for a flat fare of \$2.50.

In response to Mr. Ewin's suggestion that La Mesa be given the same type of zone as given to downtown San Diego, Mr. Roberts stated that these zones are meant for higher density, highly urbanized areas and was not in favor of changing that criteria.

Mr. Jablonski stated that rail systems are generally zone based. Mr. Tereschuck, SDTI General Manager, stated that this approach is used because of the number of stops and the distance of the system. Mr. Jablonski stated that he thought there were more transfers between trolleys than between buses.

The Committee then discussed service-adjustment options (Tier I and II) being considered. Mr. Jablonski stated that Tier I service adjustments would have minimal impact on the system as a whole, while Tier II would have some impact, and Tier III, not part of the presentation, would impact the system as a unit. He stated that Tier III would be considered last. Ms. Cooney stated that staff will continue to refine these scenarios and added that many of the service adjustments in Tier I are changes that would be recommended anyway. Mr. Jablonski pointed out that providing only hourly service on weekends may eliminate all riders except those who are truly transit-dependent.

Mr. Jablonski advised the Committee that MTS is currently \$2 million under budget for FY 2008 and may be able to reduce reserve usage for budget balancing purposes to \$3.5 million by the end of the year.

#### Public Comment

*Clive Richard:* Mr. Richard made the following points: He supported the concept of a day pass for trolley usage. He criticized the recent "compromise" regarding State funding, which basically cut funding for mass transit. He felt that the service adjustments for Route No. 14 would basically cause the route to fail and be ultimately eliminated.

#### Action Taken

Mr. Emery moved to receive a report on the FY 2009 budget development. Mr. Ewin seconded the motion, and the vote was 6 to 0 in favor.

#### D. REVIEW OF DRAFT APRIL 24, 2008, BOARD AGENDA

##### Recommended Consent Item

##### 6. MTS: Job Access and Reverse Commute Grant (AG 210.9)

Recommend that the approve Resolution 08-6 (Attachment A of the agenda item) authorizing the CEO to submit applications for fiscal year 2006 Job Access and Reverse Commute for Non-Urban (Rural) Areas – Federal Transit Administration funding 5316.

##### Recommended Consent Items

There was no discussion of the recommended Consent Items.

Recommended Board Discussion Items

*Agenda Item No. 32: MTS: Construction and Maintenance Agreement for Park Boulevard Pedestrian Bridge:* In response to a question from Chairman Mathis, Mr. Jablonski reported that the bridge goes over MTS's right of way on 8<sup>th</sup> Avenue. Mr. Peter Tereschuck, SDTI General Manager, reported that Board action would approve a right of entry in order to enable the monitoring of construction, placing of flags, etc. He added that MTS's costs would be covered by the project.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney reported that the Sorrento Valley Coaster Connection will be on the SANDAG Transportation Committee agenda for April 18, 2008.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

*Ad Hoc Safety Committee:* In response to a question from Mr. Ewin, Mr. Tereshuck reported that the Ad Hoc Safety Committee's first meeting is tentatively scheduled for May 1, 2008. Mr. Jablonski reported that a tentative agenda has been developed and includes administrative items like appointing a chair, naming the committee, and giving direction to staff. He stated that the Security Department will give a report on the background of the Security Department, how it's structured, what its role is, how it functions, and present information on crime statistics. Mr. Ewin stated that crimes against persons and personal property should be differentiated and focused on.

Mr. Rindone stated that the Chair of the Ad Hoc Safety Committee should give updates at the Board meeting as the Chair of the Audit Oversight Committee does.

G. PUBLIC COMMENTS

There were no Public Comments.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, May 1, 2008, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:47 a.m.

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Chairman

Attachment: A. Roll Call Sheet

gail.williams/minutes

**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 4/17/08

CALL TO ORDER (TIME) 9:03 a.m.

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

CLOSED SESSION \_\_\_\_\_

RECONVENE \_\_\_\_\_

ADJOURN 10:47 a.m.

BOARD MEMBER	(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input type="checkbox"/>	(Young)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EMERY	<input checked="" type="checkbox"/>	(Cafagna)	<input type="checkbox"/>	
EWIN	<input checked="" type="checkbox"/>	(Clabby)	<input type="checkbox"/>	
MATHIS	<input checked="" type="checkbox"/>			
MONROE	<input checked="" type="checkbox"/>	(McLean)	<input type="checkbox"/>	
RINDONE	<input checked="" type="checkbox"/>	(Emery)	<input type="checkbox"/>	
ROBERTS	<input checked="" type="checkbox"/>	(Cox)	<input type="checkbox"/>	9:15 a.m. during AI C1

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

*Gail Williams*

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

*[Signature]*





Metropolitan Transit System

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## Agenda

## Item No. C1

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

ADM 120, OPS 920.2  
OPS 970.2

May 15, 2008

### SUBJECT:

MTS: AUTOMOBILE LEASING SERVICES

### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to award a contract (MTS Doc. No. G1146.0-08 in substantially the same form as Attachment A) to Enterprise Fleet Services (Enterprise) for nonrevenue automobile leasing services.

#### Budget Impact

The FY 2009 budget impact is \$238,061. This amount was included in the FY 2009 budget documents presented to the Board of Directors during FY 2009 budget development. The complete cost of the contract is:

Base contract – five years	\$ 2,836,262
<u>Options (three 1-year options)</u>	<u>\$ 2,657,836</u>
Total contract if options exercised	\$ 5,494,098

Details are provided in the Contract Cost Summary by year in Attachment B.

### DISCUSSION:

#### Background

MTS currently owns 143 nonrevenue (support) vehicles among the different agencies. These vehicles were purchased with capital funds as part of the normal Capital Improvement Program (CIP). MTS's capital needs have outstripped its resources over



the past several years and pose similar challenges in the years ahead. As a result of this, purchases of nonrevenue vehicles are often deferred in favor of priorities having a more critical, direct, and immediate impact on direct revenue services to MTS's riders.

The result of this is an older nonrevenue vehicle fleet with high mileage that is costly to maintain. Over 50% of MTS's nonrevenue vehicles are in excess of five years old and have over 100,000 miles. For FY 2008, MTS is projected to spend \$305,000 on vehicle maintenance. Mileage varies by department. Maintenance vehicles average 20,000 to 25,000 miles per year, security vehicles average over 40,000 miles per year, and the drivers' relief cars average 15,000 miles per year.

In addition to the high maintenance costs, MTS operating personnel spend unproductive time on administration and taking vehicles to repair facilities.

### Analysis

Over the last five years MTS has only been able to purchase 50 vehicles or an average of ten per year. In order to bring MTS's nonrevenue fleet to a proper level, MTS needs to purchase 143 vehicles over a five year period and replace those in a five-year cycle based upon the mileage discussed above. After analysis and investigation, MTS staff concluded that a leasing program offered the opportunity to obtain the use of newer vehicles it may not otherwise have the capital funds to purchase. For example, in the first year of the contract (FY 2009), the 44 leased vehicles would have a capital cost of \$968,000. The leasing cost for FY 2009 is \$202,000. This effectively puts \$766,000 more in the capital budget in FY 2009 than it otherwise would have had. The cost of the vehicle utilization is essentially spread over the time the vehicle is in service as opposed to needing capital funding up front. Additionally, MTS would have the opportunity to save money as the contract calls for a fixed price per vehicle class. The lease company is able to buy vehicles from the manufacturer at steep discounts. MTS would, in most cases, not be able to purchase vehicles at the price points fixed in the bid.

The fixed maintenance component to the contract would allow MTS to lower its maintenance costs. With a steady flow of newer vehicles, MTS's fleet age would come down to a five-year replacement-cycle basis. Newer vehicles have warranties and lower maintenance costs in general. This would be true with or without a lease program if MTS had the financial ability to purchase new vehicles. The true savings is having a fixed-price maintenance contract. With a fixed-price contract, the leasing company has a tremendous incentive to contain costs. They do this through two means—the first is through a large network of vendors (automotive repair providers) with whom they have contractual relationships at steep discounts. As these are at the national level involving hundreds of millions of dollars, this is at pricing unavailable to MTS. Additionally, the leasing company constantly monitors the maintenance costs of the vehicles and their condition suggesting changes to contain costs. As their costs are fixed, they have a significant incentive and risk to ensure this.

The proposals from bidding companies included provisions for brakes and tires, which are highly variable costs. MTS would have the option to purchase these items from the vendor's network at steep discounts but be billed by usage. After analysis of these costs compared against this part of the bid, staff concluded it would be more cost effective to pay as needed rather than pay a higher fixed cost.

Currently, MTS spends an average of over \$2,000 per vehicle per year for overall maintenance inclusive of brakes and tires. Excluding brakes and tires and the older condition of the fleet adding excess costs, basic maintenance costs to MTS are estimated at an average of \$1,200 per vehicle per year. This puts the coverage at a level comparable with the contract. The maintenance costs under this contract (which excludes brakes and tires) are fixed per class of vehicle—they average \$826 per vehicle per year in the first year of the contract escalating to an average of \$919 per vehicle per year in the fifth year of the base contract. This difference represents an inflation escalation averaging 2.8% per year. Essentially MTS would save approximately \$374 per vehicle per year (\$1,200 - \$826) in maintenance costs. The savings by year are below. They escalate because more vehicles are put into the program each year.

FY 2009	\$ 16,000
FY 2010	29,000
FY 2011	40,000
FY 2012	46,000
FY 2013	53,000
<u>Total in base contract period</u>	<u>\$ 184,000</u>

Schedule C breaks out the cash outlays under three different scenarios:

1. “Capital Purchases – Buying Needed Amount of Vehicles” - shows the capital and maintenance costs if MTS purchased the 143 needed vehicles.
2. “Leasing” - shows the leasing and maintenance costs if MTS leased the 143 needed vehicles.
3. “Capital Purchases – Buying at Existing Run Rates” - shows the capital and maintenance costs if MTS continues on its present course.

While the total cash outlays over five years are \$297,000 higher (\$3,719,000 - \$3,422,000) for the leasing option over MTS’s present course (the second scenario versus the third scenario), MTS would be able replace an additional 93 vehicles into its nonrevenue fleet. In addition to the higher maintenance costs under the third scenario, MTS would also have operational issues as well stemming from a shortage of reliable vehicles. For example, drivers may occasionally not have a relief car available in service and may need to utilize a bus to relieve another driver.

Compared against purchasing the vehicles (the first scenario), leasing would reduce MTS’s cash outlays by \$1,079,000 (\$4,798,000 - \$3,719,000) over five years. As both of these scenarios improve the condition of the fleet, there is a possibility that MTS would be able to reduce the number of nonrevenue vehicles in its fleet. This would improve costs on both of these two scenarios compared against third scenario (as staff cannot be certain of this outcome, these scenarios take a conservative approach and do not project this).

#### Request for Proposals (RFP) Process

An RFP for automobile leasing services was issued on January 15, 2008. The opportunity was advertised and mailed to 15 contractors including two Disadvantaged

Business Enterprise contractors. Proposals were due on February 27, 2008, and two proposals were received.

An investigation of responsiveness and responsibility was conducted in accordance with MTS Policy No. 52 (Procurement of Goods and Services) and a bid summary (Attachment E) was prepared.

An evaluation committee consisting of representatives from San Diego Transit Corporation, San Diego Trolley, Inc., and MTS Finance and Procurement Departments rated all of the proposals received. The evaluation criteria were scored on three components, and their respective ratings were:

1.	Qualifications of the Firm	10%
2.	Leasing and Maintenance Program	30%
3.	Price Proposal	60%

The evaluation of the initial proposals determined that both proposers were within a competitive range. Utilizing careful consideration, the evaluation committee conducted a round of oral interviews and discussions with the competitive-range vendors and subsequently requested Best and Final Offers (BAFO) from both vendors. A final evaluation summary of the BAFO responses was conducted (Attachment D).

Upon detail examination, ARI's BAFO cost proposal was found to be incomplete and was scored accordingly. Enterprise's BAFO cost proposal was properly completed (it is summarized in Attachment E). As part of the RFP process, staff prepared an Independent Cost Estimate prior to receiving vendors' proposals, which is contained in Attachment E.

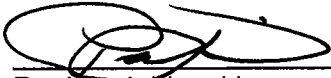
As the evaluation summary (Attachment D) shows Enterprise's bid scored higher and was deemed superior. To further compare Enterprise's costs, staff compared against three sources:

1. Enterprise's contract cost for the base five year period is \$665,136 lower than Independent Cost Estimate (Attachment E).
2. For those line items where ARI properly completed its cost proposal, Enterprise's costs compared favorably.
3. Staff contacted Omnitrans (San Bernardino's transit agency) who has a lease program in a similar manner for its driver-relief vehicles. Its prices on those vehicles are comparable.

## Contract Details

The contract would be for five base years with three 1-year options and establish an operating lease for nonrevenue vehicles. The vehicles would be held five years except security vehicles (that operate 40,000 miles per year), which would be three years. The program would replace 143 vehicles over a five-year period. As Attachment B shows, the current schedule would lease 44 vehicles the first year (FY 2009) and the remainder over the next four fiscal years (FY 2010 – FY 2013). The contract includes a maintenance provision, which would provide a fixed cost for maintenance averaging \$826 per vehicle per year in year one escalating to an average of \$919 per vehicle per year in year five. Maintenance covered would be all basic repairs, excluding brakes and tires, and monthly cleaning would be included in the cost.

Based upon the above, staff recommends that the Executive Committee forward a recommendation to the Board of Directors to authorize award of a contract to Enterprise for automobile leasing services.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contacts: Tom Lynch, 619.557.4538, [Tom.Lynch@sdmts.com](mailto:Tom.Lynch@sdmts.com)  
Ben Calmes, 619.238.0100, Ext. 6459, [Ben.Calmes@sdmts.com](mailto:Ben.Calmes@sdmts.com)

MAY15-08.C1.AUTO LEASE SVCS.TLYNCH.doc

Attachments: A. Draft Contract MTS Doc. No. G1146.0-08  
B. Contract Cost Summary  
C. Comparison of Cash Outlays - Purchasing versus Leasing  
D. Evaluation Summary  
E. Bid Summary

DRAFT

STANDARD SERVICES AGREEMENT

G1146.0-8  
 CONTRACT NUMBER  
ADM 120, OPS 920.2 & 970.2  
 FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2008, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Enterprise Fleet Services Address: 6445 Marindustry Drive  
 Form of Business: Corporation San Diego, CA 92121  
 (Corporation, partnership, sole proprietor, etc.) Telephone: 858 546-8200  
 Authorized person to sign contracts: Sirus Karimi Regional Sales Manager  
 Name Title

**The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:**

Provide lease vehicle services for passenger cars and trucks as specified in MTS's Request for Proposals (RFP) for Lease Vehicle Services, MTS Doc. No. G1146.0-08, including Addendum No. 1; MTS's Response to Questions/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Federal Requirements, Scope of Work, and Enterprise proposal dated February 27, 2008.

This contract shall remain in effect for a five-year term with three 1-year options, which are exercisable at the sole discretion of MTS. The term of the base contract shall be July 1, 2008, through June 30, 2013, for a total of five years. The terms of Options 1 to 3 shall be one year each.

MTS shall have the sole discretion to exercise Options 1 to 3 at the prices set forth in Enterprise's cost proposal. The total cost of this contract shall not exceed \$5,494,098.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: <u>Enterprise Fleet Services</u>
Approved as to form:	By: _____
By: _____ Office of General Counsel	Signature Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
<u>5,494,098</u>	<u>902-59615</u>	<u>2009-2014</u>

By: \_\_\_\_\_ Date \_\_\_\_\_  
 Chief Financial Officer

**San Diego Metropolitan Transit System  
Non Revenue Vehicle Leasing Program Contract  
Contract Cost Summary**

Contract Year	Fiscal Year	Vehicles		Total Leasing Costs		Total Maintenance Costs		Total Contract Costs with	
		In Year	Cumulative	Average Per Vehicle	Extended Cost	Average Per Vehicle	Extended Cost	Average Per Vehicle	Extended Cost
1	2009	44	44	4,585	201,721	826	36,340	5,410	238,061
2	2010	34	78	4,768	371,942	868	67,726	5,637	439,668
3	2011	29	107	4,737	506,856	856	91,576	5,593	598,431
4	2012	17	124	4,853	601,715	887	109,928	5,739	711,643
5	2013	19	143	5,014	717,032	919	131,426	5,933	848,458
Subtotal Base Years		143			<u>2,399,266</u>		<u>436,996</u>		<u>2,836,262</u>
6	2014	44	143	5,161	738,028	919	131,426	6,080	869,454
7	2015	34	143	5,285	755,744	919	131,426	6,204	887,170
8	2016	29	143	5,383	769,786	919	131,426	6,302	901,212
Subtotal Option Years					<u>2,263,558</u>		<u>394,277</u>		<u>2,657,836</u>
Full Contract Period					<u>4,662,824</u>		<u>831,273</u>		<u>5,494,098</u>

**Attachment B**

**San Diego Metropolitan Transit System  
Non Revenue Vehicle Leasing Program Contract  
Comparison of Cash Outlays - Purchase versus Lease Costs**

	Contract Year/Fiscal Year				
	1 FY 2009	2 FY2010	3 FY2011	4 FY2012	5 FY2013
<b>#1</b>					
<b>Total</b>					
<b>Capital Purchases - buying needed amount of vehicles</b>					
Owned Vehicles in Fleet	143	143	143	143	143
Leased Vehicles in Fleet	0	0	0	0	0
<b>Total Vehicles</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>
Vehicle Purchased/Leased in Fiscal Year	44	34	29	17	19
Capital Costs	3,294,000	770,000	677,000	409,000	470,000
Maintenance Costs	1,504,000	323,000	313,000	291,000	256,000
<b>Total cash outlays</b>	<b>4,798,000</b>	<b>1,093,000</b>	<b>990,000</b>	<b>700,000</b>	<b>726,000</b>
<b>#2</b>					
<b>Leasing</b>					
Owned Vehicles in Fleet	99	65	36	19	0
Leased Vehicles in Fleet	44	78	107	124	143
<b>Total Vehicles</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>
Vehicle Purchased/Leased in Fiscal Year	44	34	29	17	19
Leasing Costs	2,399,266	371,942	506,856	601,715	717,032
Maintenance Costs	1,320,000	294,000	273,000	245,000	203,000
<b>Total cash outlays</b>	<b>3,719,266</b>	<b>665,942</b>	<b>779,856</b>	<b>846,715</b>	<b>920,032</b>
<b>#3</b>					
<b>Capital Purchases - buying at existing run rates</b>					
Owned Vehicles in Fleet	143	143	143	143	143
Leased Vehicles in Fleet	0	0	0	0	0
<b>Total Vehicles</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>
Vehicle Purchased/Leased in Fiscal Year	50	10	10	10	10
Capital Costs	1,168,000	227,000	233,000	240,000	248,000
Maintenance Costs	2,254,000	407,000	450,000	494,000	538,000
<b>Total cash outlays</b>	<b>3,422,000</b>	<b>634,000</b>	<b>683,000</b>	<b>734,000</b>	<b>786,000</b>

Attachment C



**San Diego Metropolitan Transit System  
Non Revenue Vehicle Leasing Program Contract  
Evaluation Summary**

	Member 1	Member 2	Member 3	Member 4	Member 5	TOTALAVG	PRICE (total)*	Member 6
<b>ARI FLEET</b>	0	42	32	66	32	43	Incomplete*	0
Qualifications, etc.	0	6	8	6	2			0
Program, etc.	0	12	12	24	18			0
Cost/Price	0	24	12	36	12			0
<b>ENTERPRISE</b>	0	74	80	80	70	76	\$2,836,262	0
Qualifications, etc.	0	8	8	8	10			0
Program, etc.	0	18	24	24	24			0
Cost/Price	0	48	48	48	36			0

\* See Board Agenda narrative for detail.  
BAFO scores from members 2-5; member 1 not present at BAFO evaluation.  
Members 1-5 all scored first evaluation.

Attachment D

**San Diego Metropolitan Transit System  
Non Revenue Vehicle Leasing Contract  
Bid Summary**

Enterprise	
<b>Total Annual Lease Costs (with Taxes and Documentation Fees)</b>	<b>Total Annual Maintenance Costs with Cleaning</b>
Contract Year 1 Total: \$ 201,721	Contract Year 1 Total: \$ 36,340
Contract Year 2 Total: 371,942	Contract Year 2 Total: 67,726
Contract Year 3 Total: 506,856	Contract Year 3 Total: 91,576
Contract Year 4 Total: 601,715	Contract Year 4 Total: 109,928
Contract Year 5 Total: 717,032	Contract Year 5 Total: 131,426
<b>5 YEAR CONTRACT SUBTOTAL \$ 2,399,266</b>	<b>5 YEAR CONTRACT SUBTOTAL \$ 436,996</b>
Contract Year 6 Total: 738,028	Contract Year 6 Total: 131,426
Contract Year 7 Total: 755,744	Contract Year 7 Total: 131,426
Contract Year 8 Total: 769,786	Contract Year 8 Total: 131,426
<b>OPTION YRS 6-8 SUBTOTAL \$ 2,263,558</b>	<b>OPTION YRS 6-8 SUBTOTAL \$ 394,278</b>
<b>GRAND TOTAL 8 YR CONTRACT \$ 4,662,824</b>	<b>GRAND TOTAL 8 YR CONTRACT \$ 831,274</b>
<b>Total Contract Costs</b>	<b>Total Contract Costs</b>
Contract Year 1 Total: 238,061	Contract Year 1 Total: 289,609
Contract Year 2 Total: 439,668	Contract Year 2 Total: 534,314
Contract Year 3 Total: 598,432	Contract Year 3 Total: 736,691
Contract Year 4 Total: 711,643	Contract Year 4 Total: 880,704
Contract Year 5 Total: 848,458	Contract Year 5 Total: 1,060,080
<b>5 YEAR CONTRACT SUBTOTAL \$ 2,836,262</b>	<b>5 YEAR CONTRACT SUBTOTAL \$ 3,501,398</b>
Contract Year 6 Total: 869,454	Contract Year 6 Total: 1,074,312
Contract Year 7 Total: 887,170	Contract Year 7 Total: 1,112,589
Contract Year 8 Total: 901,212	Contract Year 8 Total: 1,145,883
<b>OPTION YRS 6-8 SUBTOTAL \$ 2,657,836</b>	<b>OPTION YRS 6-8 SUBTOTAL \$ 3,332,784</b>
<b>GRAND TOTAL 8 YR CONTRACT \$ 5,494,098</b>	<b>GRAND TOTAL 8 YR CONTRACT \$ 6,834,182</b>

Independent Cost Estimate	
<b>Total Annual Lease Costs (with Taxes and Documentation Fees)</b>	<b>Total Annual Maintenance Costs with Cleaning</b>
Contract Year 1 Total: \$ 233,233	Contract Year 1 Total: \$ 56,376
Contract Year 2 Total: 425,990	Contract Year 2 Total: 108,324
Contract Year 3 Total: 586,271	Contract Year 3 Total: 150,420
Contract Year 4 Total: 695,760	Contract Year 4 Total: 184,944
Contract Year 5 Total: 833,640	Contract Year 5 Total: 226,440
<b>5 YEAR CONTRACT SUBTOTAL \$ 2,774,894</b>	<b>5 YEAR CONTRACT SUBTOTAL \$ 726,504</b>
Contract Year 6 Total: 840,672	Contract Year 6 Total: 233,640
Contract Year 7 Total: 871,749	Contract Year 7 Total: 240,840
Contract Year 8 Total: 897,555	Contract Year 8 Total: 248,328
<b>OPTION YRS 6-8 SUBTOTAL \$ 2,609,976</b>	<b>OPTION YRS 6-8 SUBTOTAL \$ 722,808</b>
<b>GRAND TOTAL 8 YR CONTRACT \$ 5,384,870</b>	<b>GRAND TOTAL 8 YR CONTRACT \$ 1,449,312</b>
<b>Total Contract Costs</b>	<b>Total Contract Costs</b>
Contract Year 1 Total: 289,609	Contract Year 1 Total: 289,609
Contract Year 2 Total: 534,314	Contract Year 2 Total: 534,314
Contract Year 3 Total: 736,691	Contract Year 3 Total: 736,691
Contract Year 4 Total: 880,704	Contract Year 4 Total: 880,704
Contract Year 5 Total: 1,060,080	Contract Year 5 Total: 1,060,080
<b>5 YEAR CONTRACT SUBTOTAL \$ 3,501,398</b>	<b>5 YEAR CONTRACT SUBTOTAL \$ 3,501,398</b>
Contract Year 6 Total: 1,074,312	Contract Year 6 Total: 1,074,312
Contract Year 7 Total: 1,112,589	Contract Year 7 Total: 1,112,589
Contract Year 8 Total: 1,145,883	Contract Year 8 Total: 1,145,883
<b>OPTION YRS 6-8 SUBTOTAL \$ 3,332,784</b>	<b>OPTION YRS 6-8 SUBTOTAL \$ 3,332,784</b>
<b>GRAND TOTAL 8 YR CONTRACT \$ 6,834,182</b>	<b>GRAND TOTAL 8 YR CONTRACT \$ 6,834,182</b>



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619.231.1466, FAX 619.234.3407

# Agenda

# Item No. C2

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 11418

May 15, 2008

**SUBJECT:**

MTS: ADA PARATRANSIT VEHICLE ACQUISITION

**RECOMMENDATION:**

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0499.0-08 (in substantially the same form as Attachment A) with BusWest to purchase 50 Americans with Disabilities Act (ADA) paratransit vehicles utilizing the public agency/state contract with BusWest (Type II Specification of State of California Contract No. 1-06-23-15).

Budget Impact

Expenditure of up to \$3,266,259.50 in funds during FY 08 from funding allocated to capital project CIP 11418.

**DISCUSSION:**

Staff is requesting authorization to award a contract to BusWest (a division of Los Angeles Freightliner) for 50 ADA paratransit vehicles. Each vehicle would replace another that is at least two years and 50,000 miles past the recommended/standard useful life.

The State of California regularly competitively bids out contracts for various vehicles statewide thereby incorporating an economy of scale, which reduces the cost per unit. The cost per vehicle to MTS would be \$65,325.19, and the aggregate vehicle build for all 50 would be \$3,266,259.50 including the procurement fee. Meanwhile, other project funding would be used to obtain third-party vehicle inspectors, administrative expenses,




Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company. MTS member agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

and personnel. Remaining funds subsequent to the completion of the vehicle acceptance could be reallocated to other capital projects to be determined.

The ADA paratransit vehicles are built on a Ford chassis and operate with a 6.8-liter unleaded engine. They are certified by the California Air Resources Board (CARB) as meeting all applicable California and local (Air Pollution Control District) emission requirements.

The anticipated delivery of the vehicles should be completed by November 30, 2008.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Susan Hafner, 619.595.3084, [Susan.Hafner@sdmts.com](mailto:Susan.Hafner@sdmts.com)

MAY15-08.C2.ADA PARATRANSIT ACQUISITION.MCALDER.doc

Attachment: A. Draft MTS Doc. No. B0499.0-08

STANDARD PROCUREMENT AGREEMENT

DRAFT

Doc. No. B0499.0-08  
 CONTRACT NUMBER  
 CIP 11418  
 FILE NUMBER (S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2008, in the State of California by and between San Diego Metropolitan Transit System, a California public agency, and the following.

Name: BusWest Address: 21107 South Chico Street  
 Form of Business: Corporation Carson, CA 90745  
 (Corporation, partnership, sole proprietor, etc.) Telephone: 310.984.3996  
 Authorized person to sign contracts: Brent Phillips Commercial Sales Representative  
 Name Title

**The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to the MTS services and materials, as follows:**

Provide up to 50 E450 Starcraft Allstar Type II medium-duty Americans with Disability Act (ADA) paratransit vehicles (per MTS requirements) purchased from the State of California Contract No. 1-06-23-15 as amended and in accordance with the MTS Standard Procurement Agreement, including the Federal Requirements and forms, general contract provisions, quality assurance provisions, warranty requirements, and BusWest's Price Proposal dated January 28, 2008, based on State of California Contract No. 1-06-23-15. If there are any inconsistencies between the General Contract Provisions, BusWest's Price Proposal, Standard Procurement Agreement, including Standard Conditions Procurement, the following order of precedence will govern the interpretation of this contract:

1. General Contractual Provisions, including BusWest's Price Proposal.
2. Standard Procurement Agreement, including Standard Conditions Procurement.
3. State of California Contract No. 1-06-23-15 as amended.

This is a firm fixed-price contract not subject to escalation. The total cost for this procurement shall not exceed \$3,266,259.50, which includes sales tax, training, and delivery. This contract is subject to a financial assistance agreement between MTS and the U.S. Department of Transportation and the State of California. Delivery shall be completed no later than November 30, 2008.

METROPOLITAN TRANSIT SYSTEM (MTS)	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Print Name: _____
	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$3,266,259.50	CIP 11418-1300	2008

By: \_\_\_\_\_ Date  
 Chief Financial Officer



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619.231.1466; FAX: 619.234.3407

## Agenda

Item No. C3

JOINT MEETING OF THE EXECUTIVE COMMITTEE  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 10940

May 15, 2008

**SUBJECT:**

**MTS: REGIONAL TRANSIT MANAGEMENT SYSTEM – CONTRACT AMENDMENT**

**RECOMMENDATION:**

That the MTS Board of Directors authorize the Chief Executive Officer (CEO) to:

1. execute MTS Doc. No. G0867.5-03 (in substantially the same format as Attachment A) with Motorola, Inc. for Regional Transit Management System (RTMS) warranty support services; and
2. MTS Doc. No. G0868.3-03 (in substantially the same format as Attachment B) for reimbursement from North County Transit District (NCTD).

Budget Impact

The amount of \$702,711, with an MTS cost of \$423,280 and NCTD cost of \$279,431, would be funded through operating funds from each respective agency and paid in two equal installments of \$351,355.50 on July 1, 2008, and January 1, 2009, for the 12-month warranty support period.

**DISCUSSION:**

Background Information

RTMS is an expandable, multioperator transit management system that includes:

- wireless voice and data communications;



- Global Positioning System-based automatic vehicle location (AVL) functions;
- computer-aided dispatch (CAD) for system performance monitoring and incident reporting.
- performance and security monitoring (route and schedule adherence);
- security and vehicle alerts;
- customer information (message boards);
- automatic transfer requests;
- automatic passenger counting; and
- integration with other Intelligent Transportation Systems (ITS), scheduling, maintenance, fare collection, and regional ITS.

#### Amendment No. 5

Staff recommends executing an amendment to the above-referenced contract to renew the annual warranty period for an additional 12 months via the Motorola, Inc. Service Agreement. The current warranty period will expire on June 30, 2008. The charge for warranty services is based upon the original competitively bid contract awarded by the Board on April 24, 2003.

The total cost of the Motorola Service Agreement is \$702,711. MTS's share of the cost is \$423,280, which would be paid with operating funds in the FY 09 budget.

#### Funds Transfer Agreement

As part of the original contract award, MTS and NCTD executed a funds transfer agreement (MTS Doc No. G0868.0-03), which provided for the MTS contract execution and NCTD cost sharing. As some of the above-referenced change orders affect NCTD's cost share, an amendment to this agreement in the amount of \$279,431 is needed.

Therefore, staff recommends that the Executive Committee forward a recommendation to the Board of Directors to approve MTS Doc. No. G0867.5-03 for RTMS warranty support services and MTS Doc. No. G0868.3-03 for reimbursement from NCTD.




---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Daniel Bossert, 619.238.0100, Ext. 6445, [Daniel.Bossert@sdmts.com](mailto:Daniel.Bossert@sdmts.com)

MAY15-08.C3.RTMS AMDMT.DBOSSERT.doc

Attachments: A. MTS Doc. No. G0867.5-03  
B. MTS Doc. No. G0868.3-03

May 22, 2008

MTS Doc. No. G0867.5-03  
CIP 10940

Mr. Howard Chercoe  
 Director of Systems Integration  
 Motorola, Inc.  
 6450 Sequence Drive  
 San Diego, CA 92121

DRAFT

Dear Mr. Chercoe:

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. G0867.0-03: REGIONAL TRANSIT  
 MANAGEMENT SYSTEM

This letter shall serve as Amendment No. 5 to MTS Doc. No. G0867.0-03 and as a response to the Motorola Service Agreement No. S0001009876.

## SCOPE OF SERVICES

Motorola shall deliver the warranty service in accordance with the Motorola Customer Support Plan, corresponding transmittals, system design, and operational requirements as noted in approved project documents and during discussions.

## SCHEDULE

The scope of services, as described above, shall extend through June 30, 2009.

## PAYMENT

This total cost of this amendment shall not exceed \$702,711. The total adjusted cost of the contract shall not exceed \$20,784,460.50 without prior written approval from MTS. The following is a list of contract actions to date.

<u>Action</u>	<u>Total</u>
Initial Contract	19,176,856
Amendment No. 1	10,336
Amendment No. 2	678,384
Amendment No. 3	99,712
Amendment No. 4	119,461.50
Amendment No. 5	702,711.00
<u>Amended Contract Total</u>	<u>20,787,460.50</u>

All other terms and conditions of the contract remain unchanged. If you agree with the above, please sign below, and return the document marked "original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
 Chief Executive Officer

\_\_\_\_\_  
 Howard Chercoe  
 Motorola, Inc.

MAY15-08.C3.AttA.RTMS G0867.5-03.DBOSSERT.doc

Date: \_\_\_\_\_

Enc: Motorola Service Agreement  
 Motorola Customer Support Plan

cc: Scott Clayton, Motorola



DRAFT

May 22, 2008

MTS Doc. No. G0868.3-03  
CIP 10940

Ms. Karen King  
Executive Director  
North County Transit District  
810 Mission Avenue  
Oceanside, CA 92054

Dear Ms. King:

Subject: AMENDMENT NO. 3 TO MTS DOC. NO. G0868.0-03; FUND TRANSFER AGREEMENT

The Metropolitan Transit System (MTS) and the North County Transit District (NCTD) hereby agree to amend the Fund Transfer Agreement for Regional Transit Management System (MTDB Doc. No. G0868.0-03) per the following:

Add:

- 9. *NCTD agrees to reimburse MTS for an amount not to exceed \$279,431 for costs pertaining to services provided by Motorola Corporation under Amendment No. 5.*

Detail

*On behalf of NCTD, MTS executed five amendments to the Motorola Corporation contract for deployment of the Regional Transit Management System. The amendments include services and/or equipment for both NCTD and MTS. Listed below is an abbreviated table identifying those specific elements and costs pertaining to NCTD.*

AMENDMENT	CHANGE ORDER	COST
MTS Doc. No. G0867.5-03	12- month extension of warranty	279,431
	Original Contract	\$7,521,488.50
	<b>Adjusted Contract Amount</b>	<b>\$7,800,919.50</b>

The total increase of the Motorola amendment is \$702,711 with NCTD's cost totaling \$279,431 and MTS's cost totaling \$423,280.

The amendment of these items brings NCTD's total obligation under the Fund Transfer Agreement to \$7,800,919.50. All other conditions remain unchanged and in effect. If you agree with the above, please sign below and return the document marked "original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Karen King  
Executive Director

Date: \_\_\_\_\_



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619.231.1466 FAX 619.234.3407

**DRAFT**

**Agenda**

**\*\*JOINT MEETING AND FINANCE WORKSHOP\*\***

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

May 22, 2008

**» » 8:00 a.m. « «**

James R. Mills Building  
Board Meeting Room, 10th Floor  
1255 Imperial Avenue, San Diego

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ADLs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

**FINANCE WORKSHOP - 8:00 a.m.**

**ACTION  
RECOMMENDED**

- 1. Roll Call
- 2. MTS: Fiscal Year 2009 Budget Development Receive  
Action would receive a report on FY 2009 budget development.
- 3. Public Comments - Limited to five speakers with three minutes per speaker.  
Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
- 4. Adjournment

Please turn off cell phones and pagers  
during the meeting



**BOARD MEETING - Meeting will begin when the Finance Workshop ends.**

- 4. a. Roll Call
- b. Approval of Minutes - May 8, 2008 Approve
- c. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please furnish a copy to the Clerk of the Board.

**CONSENT ITEMS**

- 6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its April 29, 2008, Meeting Ratify  
Action would: (1) receive the San Diego and Imperial Valley (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on April 29, 2008.
- 7. MTS: Workers' Compensation Claims Administration Services Approve  
Action would authorize the CEO to temporarily extend the contract period of CorVel Enterprise Comp, Inc. d/b/a HRMS (MTS Doc. No. G0843.3-03) through September 1, 2008. During the extended contract period, MTS anticipates issuing a new Request for Proposals (RFP) for Third-Party Administration Services for Workers' Compensation and awarding and executing a new services contract.
- 8. MTS: Transit Security Grant Program Approve  
Action would approve Resolution No. 08-7 authorizing the CEO to submit applications for transit security grants funded by the federal Department of Homeland Security and administered through the State Office of Homeland Security.

**CLOSED SESSION**

- 24. a. MTS: CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): Balfour Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963) Possible Action

- |    |   |                 |
|----|---|-----------------|
| b. | SDTI: CONFERENCE WITH LABOR NEGOTIATORS<br>Pursuant to California Government Code Section 54957.6<br>Agency-Designated Representative - Jeff Stumbo<br>Employee Organizations - International Brotherhood of Electrical<br>Workers Local 465 and Amalgamated Transit Union Local 1309 | Possible Action |
| c. | MTS: CONFERENCE WITH LEGAL COUNSEL - EXISTING<br>LITIGATION Pursuant to California Government Code<br>section 54956.9(a) <u>MTDB v. RV Communities</u> (California Supreme<br>Court Case No. S133786)   | Possible Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

- |     |   |         |
|-----|---|---------|
| 25. | <u>MTS: Service Changes</u><br>Action would: (1) conduct a public hearing on the recommended budget-<br>related service changes for FY 2009; and (2) approve the changes for<br>implementation in June or September 2008. | Approve |
|-----|---|---------|

DISCUSSION ITEMS

- |     |  |                 |
|-----|--|-----------------|
| 30  | <u>MTS: Automobile Leasing Services</u><br>Action would authorize the CEO to award a contract (MTS Doc. No.<br>G1146.0-08) to Enterprise Fleet Services for nonrevenue automobile<br>leasing services.   | Approve         |
| 31. | <u>MTS: ADA Paratransit Vehicle Acquisition</u><br>Action would authorize the CEO to execute MTS Doc. No. B0499.0-08 with<br>BusWest to purchase 50 Americans with Disabilities Act (ADA) paratransit<br>vehicles utilizing the public agency/state contract with BusWest (Type II<br>Specification of State of California Contract No. 1-06-23-15). | Approve         |
| 32. | <u>MTS: Budget Transfer for Crossover on C Street</u><br>Action would forward a request to the SANDAG Board of Directors to<br>transfer funds from the Orange Line Headspan Replacement Project (CIP<br>1115600) to the City College Station Realignment Project (CIP 1049400) as<br>shown in the Fund Transfer Summary.                             | Possible Action |
| 33. | <u>MTS: Regional Transit Management System - Contract Amendment</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G0867.5-03<br>with Motorola, Inc. for Regional Transit Management System (RTMS)<br>warranty support services; and (2) MTS Doc. No. G0868.3-03 for<br>reimbursement from North County Transit District (NCTD).     | Approve         |

REPORT ITEMS

- |     |       |
|-----|-------|
| 45. | None. |
|-----|-------|

- |     |   |             |
|-----|---|-------------|
| 60. | <u>Chairman's Report</u>  | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u>  | Information |
| 62. | <u>Chief Executive Officer's Report</u>   | Information |
| 63. | <u>Board Member Communications</u>  |             |
| 64. | <u>Additional Public Comments Not on the Agenda</u><br>If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. |             |
| 65. | <u>Next Meeting Date:</u> June 12, 2008   |             |
| 66. | <u>Adjournment</u>  |             |



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619.231.1466, FAX: 619.234.3407

## Agenda

## Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

SDAE 710 (PC 50771)

May 22, 2008

**Draft for  
Executive Committee  
Review Date: 5/15/08**

**SUBJECT:**

**MTS: SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY  
QUARTERLY REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE  
RAILWAY COMPANY BOARD OF DIRECTORS AT ITS APRIL 29, 2008, MEETING**

**RECOMMENDATION:**

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on April 29, 2008.

Budget Impact

None.

**DISCUSSION:**

Quarterly Reports

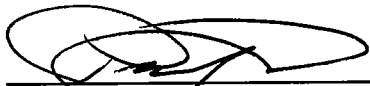
Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and Carrizo have provided the attached quarterly reports of their operations during the first quarter of calendar year 2008 (Attachment A).



## SD&AE Property Matters

Under its adopted policy for dealing with the SD&AE Railway, the MTS Board of Directors must review all property matters acted on by the SD&AE Board. At its meeting of April 29, 2008, the SD&AE Board:

- received a report on the following documents processed by staff:
  - S200-08-346: Right of entry permit to SDG&E for underground installations in the City of San Diego near Sampson and Schley Streets.
  - S200-08-347: Professional services contract with Donna & Desmond Associates to appraise billboards on SD&AE right-of-way.
  - S200-08-348: Right of entry permit to Lemon Grove to repair the Broadway Crossing.
  - S200-08-349: Right of entry permit to Geotek for soils investigation in the trolley yard.
  - S200-08-350: Right of entry permit to Stuart Engineering for utility investigations in the trolley yard.
  - S200-08-355: Right of entry permit to Aguirre and Associates for surveying at the Grossmont Station.
  - S200-08-356: Right of entry permit to Testing Engineers for soils investigations near 32<sup>nd</sup> Street in San Diego.
  - S200-08-358: Right of entry permit to Nasland Engineering to survey utilities near Coronado Ave in San Diego.
  - S200-08-360: Right of entry permit to HP Communications/AT&T for underground work at Anita Street in Chula Vista;
- approved issuing a license to JMI Realty/ Marriott Hotels for the construction of tiebacks in railroad right-of-way and authorizing the quitclaim of catenary pole infrastructure after relocation out of an easement on JMI's property.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, [tiffany.lorenzen@sdmts.com](mailto:tiffany.lorenzen@sdmts.com)

MAY22-08.6.SDAE REPORTS.TLOREN.Doc

Attachment: A. Operators' Quarterly Reports



# AGENDA

San Diego and Arizona Eastern (SD&AE)  
Railway Company  
Board of Directors Meeting

SDAE 710.1  
(PC 50771)

San Diego & Arizona Eastern  
Railway Company

A Nevada Nonprofit  
Corporation

1255 Imperial Avenue,  
Suite 1000  
San Diego, CA 92101-7490  
619.231.1466

BOARD OF DIRECTORS  
Ray Stephens, Chairman  
Peter Jespersen  
Paul Jablonski

OFFICERS  
Paul Jablonski, President  
Ray Stephens, Secretary  
Alejandro De La Torre,  
Treasurer

OF COUNSEL  
Tiffany Lorenzen

April 29, 2008

9:00 a.m.

Executive Committee Room  
James R. Mills Building  
1255 Imperial Avenue, 10th Floor

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ADLs) are available from the Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

	<b>RECOMMENDED ACTION</b>
1. <u>Approval of the Minutes of January 22, 2008</u> Action would approve the SD&AE Railway Company minutes of January 22, 2008.	Approve
2. <u>Statement of Railway Finances (Linda Musengo)</u> Action would receive a report for information.	Receive
3. <u>Report on San Diego and Imperial Valley (SD&amp;IV) Railroad Operations (Matt Domen)</u> Action would receive a report for information.	Receive
4. <u>Report on Pacific Southwest Railway Museum (Jim Lundquist)</u> Action would receive a report for information.	Receive
5. <u>Report on the Desert Line (Byron Wear)</u> Action would receive: (1) a report for information; (2) an update on the status of six derailed tank cars; (3) an update on the status of all payments made to SD&AE; (4) an update on the status of the bridge and tunnel repairs; and (5) an update on the destroyed center beam car near Campo.	Possible Action
6. <u>Real Property Matters (Tim Allison)</u>	Possible Action
a. <u>Summary of SD&amp;AE Documents Issued Since January 22, 2008</u> Action would receive a report for information:	Receive



- |     |  |                 |
|-----|--|-----------------|
| 7.  | <u>Marriott Ballpark Village Request for License and Quitclaim (Tim Allison)</u><br>Action would approve issuing a license to JMI Realty/ Marriott Hotels for the construction of tiebacks in railroad right-of-way and authorize the quitclaim of catenary pole infrastructure after relocation out of an easement on JMI's property.   | Approve         |
| 8.  | <u>Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion Of San Diego &amp; Arizona Eastern (SD&amp;AE) Railway Company Right-of-Way as Between SD&amp;AE and the Pacific Southwest Railway Museum (PSRM) (Tiffany Lorenzen)</u><br>Action would (1) direct PSRM to provide profit and loss statements and tax returns for 2005, 2006, and 2007 to Tiffany Lorenzen and the Board for review and consideration of the operating fee to be charged to PSRM; and (2) authorize one last temporary extension of the existing contract until the next SD&AE meeting. If the financial information is not provided and PSRM does not bring its account current, the operating agreement will not be renewed. | Approve         |
| 9.  | CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to California Government Code section 54956.9(b) ( <u>One Potential Case</u> ) (Tim Allison)   | Possible Action |
| 10. | Old Business   |                 |
| 11. | New Business   |                 |
| 12. | Public Comments  |                 |
| 13. | Next Meeting Date: July 22, 2008   |                 |
| 14. | Adjournment  |                 |

# Agenda

Item No. 2

San Diego and Arizona Eastern (SD&AE)  
Railway Company  
Board of Directors Meeting

SDAE 710.1 (PC 50771)

April 29, 2008

**SUBJECT:**

STATEMENT OF RAILWAY FINANCES

**RECOMMENDATION:**

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

**DISCUSSION:**

Improvements in the fund balance since the last report result from the reclassification of prior years' receipts from San Diego and Imperial Valley Railroad that were recorded to San Diego Trolley, Inc. and MTS in error.

APRIL29-08.2.FINANCIAL STMT  
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Attachment: A. SD&AE Quarterly Financial Results

## Attachment A

## SD&amp;AE OPERATING STATEMENT FY 2008

	Q1	Q2	Q3	YTD
<b>REVENUE</b>				
Right of entry permits	\$ 5,000	\$ 8,650	\$ 2,850	\$ 16,500
Lease income	5,047	8,568	17,587	31,202
1. SD&IV 1% freight fee	-	38,720	106,331	145,051
2. Joint use fee	-	-	89,000	89,000
Carrizo Gorge			1,062	1,062
Other income	570	5,696	(741)	5,525
<b>TOTAL REVENUE</b>	<b>10,617</b>	<b>61,634</b>	<b>216,089</b>	<b>288,340</b>
<b>EXPENSES</b>				
Admin wages	16,636	15,753	14,471	46,861
Workers' compensation	1,005	1,005	836	2,845
3. Professional services	3,898	10,631	53,987	68,517
Outside services	1,250	-	-	1,250
Telephone	145	-	-	145
Insurance premium	10,533	10,373	10,122	31,028
Other miscellaneous expense	543	845	342	1,730
Depreciation	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>34,010</b>	<b>38,607</b>	<b>79,758</b>	<b>152,375</b>
<b>NET LOSS</b>	<b>\$ (23,393)</b>	<b>\$ 23,027</b>	<b>\$ 136,331</b>	<b>\$ 135,965</b>

<b>Reserve balance 2007</b>	<b>\$ 448,354</b>
Allocated interest earnings - estimated	1,785
Operating profit (loss)	135,965
Improvement expense 2008	-
<b>Reserve balance 2008 - estimated</b>	<b>\$ 586,104</b>

1. SD&IV 1% freight fee consists of the following:	
SD&IV 1% freight fee calendar year <b>2007</b> recorded in SD&AE in March 2008	37,170.33
SD&IV 1% freight fee calendar year <b>2006</b> recorded in SD&AE in November 2007	38,719.90
SD&IV 1% freight fee calendar year <b>2005</b> previously recorded to San Diego Trolley transferred to SD&AE in January 2008	38,244.85
SD&IV 1% freight fee calendar year <b>2001</b> previously recorded to MTS, transferred to SD&AE in January 2008	30,916.03
	<u>\$145,051.11</u>
2. SD&IV joint use fee calendar <b>2001</b> previously recorded to MTS transferred to SD&AE in January 2008	<u>\$ 89,000.04</u>
3. Professional services consists of the following:	
Bureau Veritas	9,118.45
Wiggins Group	12,898.36
Osmose Railroad Services - Bridge Inspection	35,000.00
Anderson & Brabant - Real Estate Appraisal	5,000.00
AP accrual March	6,500.00
	<u>\$ 68,516.81</u>

# Agenda

Item No. 3

San Diego and Arizona Eastern (SD&AE)  
Railway Company  
Board of Directors Meeting

SDAE 710.1 (PC 50771)

April 29, 2008

**SUBJECT:**

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS

**RECOMMENDATION:**

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

**DISCUSSION:**

An oral report will be given during the meeting.

Attachment: Periodic Report for the 1st Quarter of 2008



April 17, 2008

SD&AE Board  
C/O MTS  
1255 Imperial Avenue, Suite 1000  
San Diego, California 92101

## Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 1st Quarter of 2008 are listed as follows:

### 1. Labor

At the end of March 31, 2008 the San Diego & Imperial Railroad had 13 employees:

- 1 General Manager
- 1 Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Employee
- 2 Maintenance of Way Employees
- 6 Transportation Specialists

## **2. Marketing**

In the 1st Quarter of 2008 versus 2007, US lumber and paper carloads declined. Mexican traffic remained steady, with a slight increase in LPG and grain.

## **3. Reportable Injuries/Environmental**

Through year to date, March 31, 2008, there were no FRA Reportable injuries on the SDIY Railroad.

Days FRA Injury Free: 6337

Days FRA Incident Free: 8711

#### 4. Summary of Freight

	2008	2007	2006
<b>Total rail carloads that moved by SDIY Rail Service in the quarter.</b>	<b>1792</b>	<b>1,938</b>	<b>1,815</b>
<b>Total railroad carloads Terminating/Originating Mexico in the quarter.</b>	<b>1432</b>	<b>1,550</b>	<b>1,452</b>
<b>Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.</b>	<b>360</b>	<b>388</b>	<b>363</b>
<b>Total customers directly served by SDIY in the quarter</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Regional Truck trips that SDIY Railroad Service replaced in the quarter</b>	<b>11,648</b>	<b>12,597</b>	<b>11,797</b>

Respectfully,

Pete Jespersen

General Manager

# Agenda

Item No. 4

San Diego and Arizona Eastern (SD&AE)  
Railway Company  
Board of Directors Meeting

SDAE 710.1 (PC 50771)

April 29, 2008

**SUBJECT:**

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

**RECOMMENDATION:**

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

**DISCUSSION:**

A report will be presented during the meeting.

Attachment: First Quarter Report for 2008



# Pacific Southwest Railway Museum

4695 Nebo Drive  
La Mesa, CA 91941-5259

April 14, 2008

SD&AE Board  
C/O MTS  
1255 Imperial Av #1000  
San Diego, CA 92101

## FIRST QUARTER REPORT FOR 2008

Here are the highlights for this quarter:

1. Using all volunteer crews, in the first quarter, we ran 42 passenger trains carrying 2,987 passengers with no FRA reportable accidents or incidents. Our check for the 1<sup>st</sup> quarter 2008 revenue is being sent under separate cover.
2. Our Tecate trains remain very popular. As spring weather comes along, they become even more popular.
3. We ran our annual special train from Campo to Garcia, the outskirts of Tijuana. It's amazing the growth seen along the line.
4. The securing of the Campo Depot area remains unsolved. In speaking with the CZRy personal at Campo, they are unable to keep the gate closed because their customers use our road to reach them. Meanwhile, the MTS buses and our entire site are open to all. We will work on a solution to secure our property.

---

A California Non-Profit, Public Benefit Corporation, IRS Tax # 95-2374478

Owners and operators of the Railroad Museum in Campo,  
San Diego & Arizona Railway and the La Mesa Depot Museum

5. We have been approached by the Campo Band Indians and we are looking into possible joint promotions with them. This could involve a potential extension of our trains about five miles further east, and constructing a balloon track on Reservation lands. In addition, we have been considering special passenger trains to HiPass and Jacumba, possibly including food. Either extension of service involves only one bridge (over Hwy 94) at MP 77.27. This bridge was inspected by both the SD&AE and PSRM had found to be in good repair. How can we proceed to extend our operating agreement to include these destinations?

Sincerely,

***Jim Lundquist***

President, Pacific Southwest Railway Museum

# Agenda

Item No. 5

San Diego and Arizona Eastern (SD&AE)  
Railway Company  
Board of Directors Meeting

SDAE 710.1 (PC 50771)

April 29, 2008

**SUBJECT:**

REPORT ON THE DESERT LINE

**RECOMMENDATION:**

That the SD&AE Board of Directors receive:

1. a report for information;
2. an update on the status of six derailed tank cars;
3. an update on the status of all payments made to SD&AE;
4. an update on the status of the bridge and tunnel repairs; and
5. an update on the destroyed center beam car near Campo.

Budget Impact

None.

5-DESERTLINE.doc

Attachment: 1st Quarter Report for 2008



# Periodic Report

to the San Diego & Arizona Eastern Railway Company

**1st Quarter 2008**

© 2008  
Carrizo Gorge Railway, Inc.

The *Periodic Report to the SD&AE Railway Company*  
is produced quarterly by the *Carrizo Gorge Railway*  
for the *SD&AE* Board, in fulfillment of contractual requirements  
and to document activity in the restoration of the line to regional service  
along with its ongoing improvement for future generations.

© 2008 Carrizo Gorge Railway, Inc.

# CONTENTS

## 1st QUARTER 2008 ACTIVITIES

**Periodic Report**

**Appendix A– MOW Summary**

**Appendix B– Desert Line Track Rehabilitation Offset Financial Summary**

**Appendix C- Desert Line Freight Revenues Financial Summary**



# CARRIZO GORGE RAILWAY, INC.

2295 Fletcher Parkway, Suite No. 101, El Cajon, CA 92020  
Phone (619) 938-1943  
Fax (619) 561-4367

April 29, 2008

Board of Directors, Metropolitan Transit System  
Board of Directors, San Diego & Arizona Eastern Railway  
1255 Imperial Avenue  
San Diego, CA 92101

Pursuant to our reporting agreement, the Summary of the 1st Quarter Activity for 2008 is provided for your review and approval.

## PERIODIC REPORT

### 1. Labor

As of March 31, 2008, the *Carrizo Gorge Railway* had 21 employees to cover overall administration and operation in the U.S. on the Desert Line.

- 5 Administration (covers U.S.A. and Mexico)
- 1 General Manager
- 1 Marketing
- 2 Revenue Freight Administrators
- 5 Maintenance-of-Way
- 1 Mechanical
- 3 Train Service
- 3 Railroad Police

## **2. Marketing**

The Carrizo Gorge Railway marketing team continues to seek new business as the Tijuana and Tecate industrial base continues to expand. Revenue Freight Volumes for the 1st Quarter of 2008 dropped by 7.1% over revenue freight volumes for the 1st Quarter of 2007. However, as a result of our expanded marketing effort we anticipate a considerable increase of customer activity throughout 2008 in the movement of plastic pellets, beach pebble rock and other commodities. In addition, efforts of Carrizo Gorge Railway to provide a connection to Ferromex in Mexicali, BC will result in the movement of Cemex concrete and concrete block through the Desert Line.

## **3. Tecate – Tijuana Shortline**

Carrizo Gorge Railway is the rail freight operator for the State of Baja California, México and interchanges railcars with the San Diego & Imperial Valley Railroad (SD&IV) at San Ysidro. There are 30 personnel dedicated to freight service south of the border:

- 1 Director of Operations
- 1 Manager
- 1 Trainmaster
- 3 Agents
- 9 Train Service Employees
- 1 Carman
- 1 General Track Engineer
- 13 Maintenance-of-Way Employees

## **4. Desert Line**

Carrizo Gorge Railway is the rail freight operator on the Desert Line by contractual agreement with RailAmerica / SD&IV and with the approval of SD&AE / MTDB.

Carrizo Gorge Railway is moving forward with Desert Line Bridge Repairs.



## **5. Reportable Injuries / Environmental Incidents**

**There were no reportable injuries during the 1st Quarter of 2008.**

**There were no reportable accidents in the 1<sup>st</sup> Quarter of 2008.**

**There were no environmental incidents during the 1st Quarter of 2008.**

## 6. Freight Activity

From Jan 1, 2008 to March 31, 2008

MOW Sand carloads moved on the Desert Line	0
Revenue Sand carloads moved on the Desert Line	0
Revenue Freight carloads moved to/from Seeley via interchange with <i>UPRR</i> , on the Desert Line	60
Revenue Freight carloads terminating / originating in México to/from San Ysidro via interchange with <i>SD&amp;IV</i> Railroad	1420
<b>Total Overall 1st Quarter 2008 Freight Carloads Moved:</b>	<b>1480</b>

## 7. Mission to Mexico III

Carrizo Gorge Railway executives participated in the 45 member delegation of San Diego Regional Chamber of Commerce Mexico III Mission to Mexico City in early April with other government and private sector representatives from San Diego and Tijuana to promote a variety of cross border infrastructure efforts. Delegation Meetings were held with numerous business leaders and government officials including the United States Ambassador to Mexico, Mexican Senators, Cabinet Secretaries and President Felipe Calderon.

Respectfully,

**Armando Freire**  
**President**  
**Carrizo Gorge Railway, Inc.**

**Byron Wear**  
**Vice President**  
**Carrizo Gorge Railway, Inc.**

*Carrizo Gorge Railway, Inc.*

**Appendix A**  
**M.O.W. SUMMARY**



**DESERT LINE**  
**January, February & March 2008**

**TRACK**

Ties Installed		216 each
Bridge Ties Installed		10 each
Straighten Ties		58 each
Rail Change Out		152.5 feet
Angle Bar Repair, Broken or Cracked (60lb)		13 each
Repair Open Joints		6 each
Repair broken angle bars		4 each
Track surfaced		275
	feet	
Track spikes - new		10 kegs
Repair broken angle bars		4 each

**BRIDGE & TUNNEL**

Bridge MP 66.8

Carrizo Gorge Railway crews installed three 14 foot stringers on the East end of bridge, installed 6 regular ties at approaches outside of bridge, installed 4 pieces to secure East and West end of wall, lifted low spot, installed 2 bridge ties to correct joint tie defect center of bridge and installed 2 center crack 90# angle bars,

**GENERAL RIGHT OF WAY**

Weed and Brush Control 1500 feet

*Appendix B*  
**OFFSET FINANCIAL SUMMARY**



**DESERT LINE REHABILITATION**

**January, February & March 2008**

**There was no production or commercial sale of sand from M.O.W. activity on the Desert Line during 1<sup>st</sup> Quarter 2008**

*Appendix C*  
**FINANCIAL SUMMARY**

**DESERT LINE FREIGHT REVENUE**

*January, February & March 2008*

**REVENUE FREIGHT HAULED**

Railcar loads from / to <i>UP</i> Interchange, Seeley	60
---	----

**TRACK USE FEES**

Interchange freight to / from *UPRR* over Desert Line

<i>SD&amp;AE / MTS</i> 1%	\$ 180.00
<i>SD&amp;IV / RailAmerica</i> 6.9%	\$ 1,242.00
<i>SD&amp;IV / Rail America Diversion Fee</i>	\$ 7,200.00



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619/231-1466  
FAX 619/234-3407

# Agenda

# Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

LEG 491 (PC 50633)

**Draft for  
Executive Committee  
Review Date: 5/15/08**

May 22, 2008

**SUBJECT:**

**MTS: WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES**

**RECOMMENDATION:**

That the Board of Directors authorize the Chief Executive Officer (CEO) to temporarily extend the contract period of CorVel Enterprise Comp, Inc. d/b/a HRMS (in substantially the same format as Attachment A - MTS Doc. No. G0843.3-03) through September 1, 2008. During the extended contract period, MTS anticipates issuing a new Request for Proposals (RFP) for Third-Party Administration Services for Workers' Compensation and awarding and executing a new services contract.

Budget Impact

None. No additional costs for professional services beyond budgeted encumbered funds are anticipated.

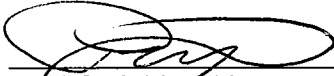
**DISCUSSION:**

Following an RFP process, the initial contract for Workers' Compensation Claim Administration Services with Hazelrigg Risk Management Services was approved and awarded in March 2003 for a three-year period totaling \$1,456,200. Two subsequent optional one-year service period amendments were approved and executed, which extended the original term and approved additional costs of \$656,330. The final amendment also acknowledged a name change to CorVel Enterprise Comp, Inc. d/b/a HRMS.



An RFP to provide Third-Party Administration Services for Workers' Compensation was issued in May 2008. A proposal due date is scheduled for June 2008, and intent to award is set for July 21, 2008. A presentation to MTS Board is anticipated on August 21, 2008, with a contract effective date of September 1, 2008.

A temporary extension of the existing contract is necessary in order to maintain the services during the bid process. The extension is for additional time only. Previously encumbered funds have not been spent due to a lower-than-projected number of claims. The current contract rates are being honored by Corvel during the temporary extension.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Jim Dow, 619.557.4562, [jim.dow@sdmts.com](mailto:jim.dow@sdmts.com)

MAY22-08.7.WORKERS COMP SVCS.JDOW.doc

Attachment: A. MTS Doc. No. G0843.3-03

DRAFT

May 22, 2008

MTS Doc. No. G0843.3-03  
LEG 491 (PC 50633)

Mr. Gordon Clemons  
CorVel Enterprise Comp, Inc. d/b/a HRMS  
2010 Main Street, Suite 600  
Irvine, CA 92614-7272

Dear Mr. Clemons:

Subject: AMENDMENT NO. 3 TO MTS DOC. NO. G0843.0-03: WORKERS' COMPENSATION  
CLAIMS ADMINISTRATION

This letter will serve as Amendment No. 3 to MTS Doc. No. G0843.0-03. This contract amendment authorizes no additional costs for professional services. The total value of this contract including this amendment remains at \$2,112,530. This amendment extends the contract term month to month to cover the anticipated period through September 1, 2008, and reflects the contract name change. All terms, requirements, and provisions as indicated in the Standard Conditions Services contract remain in effect. Additional authorization is contingent upon MTS approval.

If you agree with the above, please sign below and return the document marked "original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Gordon Clemons  
CorVel Enterprise Comp, Inc. d/b/a HRMS

MAY22-08.8.AttA.WORKERS COMP.JDOW

Date: \_\_\_\_\_





1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
619.231.1466, FAX: 619.234.3407

# Agenda

# Item No. 8

JOINT MEETING OF THE BOARD OF DIRECTORS  
for the  
Metropolitan Transit System,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

AG 210.9 (PC 50102)

May 22, 2008

**Draft for  
Executive Committee  
Review Date: 05/15/08**

**SUBJECT:**

MTS: TRANSIT SECURITY GRANT PROGRAM

**RECOMMENDATION:**

That the Board of Directors approve Resolution No. 08-7 (Attachment A) authorizing the Chief Executive Officer (CEO) to submit applications for transit security grants funded by the federal Department of Homeland Security and administered through the State Office of Homeland Security.

Budget Impact

None.

**DISCUSSION:**

Resolution No. 08-7 would authorize filing applications with and requesting reimbursements from the California Office of Homeland Security (OHS) and would satisfy grant application requirements for the fiscal year 2007 Transit Security Grant Program. MTS's allocation for fiscal year 2007 is \$1,200,000; the funds would be used to enhance security at MTS trolley stations and on MTS buses and trolleys.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Nancy Dall, 619.557.4537, [nancy.dall@sdmts.com](mailto:nancy.dall@sdmts.com)

MAY22-08.8.TRANSITSECGRANTPROG.NDALL.doc

Attachment: A. Resolution No. 08-7



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-7

Resolution Approving the Submittal of Applications and Requests for Reimbursements for Fiscal Year 2007 Transit Security Grant Program Funding, TSGP 2007-RL-T7-K111

WHEREAS, the San Diego Metropolitan Transit System (MTS) is a public entity established under the laws of the State of California for the purpose of providing transportation services in the County of San Diego who desires to apply for and obtain funding for transit security purposes.

NOW, THEREFORE, BE IT RESOLVED that the Chief Executive Officer is hereby authorized to execute any actions necessary for the purpose of obtaining federal financial assistance provided by the federal Department of Homeland Security and subgranted through the State of California, Office of Homeland Security.

PASSED AND ADOPTED by the Board of Directors this \_\_\_\_ day of \_\_\_\_\_ 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

\_\_\_\_\_  
Chairperson  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

\_\_\_\_\_  
Office of the Clerk of the Board  
San Diego Metropolitan Transit System

\_\_\_\_\_  
Office of the General Counsel  
San Diego Metropolitan Transit System